



# GLOBAL TOKEN LIMITED

(continued in Bermuda with limited liability)

Stock Code: 8192

## 2020 INTERIM REPORT



## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors (the “Directors”) of Global Token Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities (the “GEM Listing Rules”) on GEM of the Stock Exchange for the purpose of giving information with regard to the Company and its subsidiaries (collectively, the “Group”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

## RESULTS

The board of directors of the Company (the “Board”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and six months ended 30 June 2020 respectively together with the comparative unaudited figures for the corresponding periods in 2019 as follows:

### Unaudited Condensed Consolidated Statement of Profit or Loss

	Notes	Three months ended 30 June		Six months ended 30 June	
		2020	2019	2020	2019
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations</b>					
Revenue	4	<b>32,843</b>	30,269	<b>88,271</b>	84,992
Cost of sales		<b>(30,942)</b>	(28,149)	<b>(83,705)</b>	(79,956)
Gross profit		<b>1,901</b>	2,120	<b>4,566</b>	5,036
Other revenue	4	<b>165</b>	334	<b>166</b>	342
Other gains and losses	5	<b>(27)</b>	78	<b>1,547</b>	82
Impairment loss on cryptocurrencies		–	(6,573)	<b>(49)</b>	(15,199)
Net reversal of allowance for (/allowance for) expected credit losses on financial assets at amortised cost		<b>1</b>	(13)	<b>4</b>	(9)
Selling and distribution expenses		–	(75)	–	(75)
Administrative and other operating expenses		<b>(5,030)</b>	(7,933)	<b>(9,842)</b>	(16,164)
<b>Loss from operations</b>		<b>(2,990)</b>	(12,062)	<b>(3,608)</b>	(25,987)
Finance costs	6	<b>(833)</b>	(42)	<b>(927)</b>	(97)
<b>Loss before taxation</b>	7	<b>(3,823)</b>	(12,104)	<b>(4,535)</b>	(26,084)
Taxation	8	–	(18)	–	(18)
<b>Loss for the period from continuing operations</b>		<b>(3,823)</b>	(12,122)	<b>(4,535)</b>	(26,102)

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2020	2019	2020	2019
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Discontinued operations</b>					
Loss for the period from discontinued operations, net of income tax	9	(2,327)	(7,598)	(3,544)	(15,163)
<b>Loss for the period</b>		<b>(6,150)</b>	<b>(19,720)</b>	<b>(8,079)</b>	<b>(41,265)</b>
<b>Loss for the period attributable to owners of the Company</b>					
– from continuing operations		(893)	(13,994)	(1,613)	(28,933)
– from discontinued operations		(1,956)	(3,874)	(2,576)	(7,733)
		<b>(2,849)</b>	<b>(17,868)</b>	<b>(4,189)</b>	<b>(36,666)</b>
<b>Income/(loss) for the period attributable to non-controlling interests</b>					
– from continuing operations		(2,930)	1,872	(2,922)	2,831
– from discontinued operations		(371)	(3,724)	(968)	(7,430)
		<b>(3,301)</b>	<b>(1,852)</b>	<b>(3,890)</b>	<b>(4,599)</b>
<b>Loss for the period</b>		<b>(6,150)</b>	<b>(19,720)</b>	<b>(8,079)</b>	<b>(41,265)</b>
<b>Loss per share attributable to owners of the Company</b>					
<b>For continuing and discontinued operations</b>					
– Basic and diluted (HK cents)	10	(0.27)	(1.72)	(0.40)	(3.54)
<b>For continuing operations</b>					
– Basic and diluted (HK cents)	10	(0.09)	(1.35)	(0.15)	(2.79)

## Unaudited Condensed Consolidated Statement of Other Comprehensive Income

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Loss for the period</b>	<b>(6,150)</b>	(19,720)	<b>(8,079)</b>	(41,265)
<b>Other comprehensive income/(loss) for the period, net of income tax</b>				
<i>Item that may be subsequently reclassified to profit or loss:</i>				
Exchange differences on translation of foreign operations	<b>3,103</b>	(2,668)	<b>1,144</b>	(63)
<b>Total comprehensive loss for the period</b>	<b>(3,047)</b>	(22,388)	<b>(6,935)</b>	(41,328)
<b>Total comprehensive loss for the year attributable to</b>				
Owners of the Company	<b>(2,463)</b>	(19,838)	<b>(6,477)</b>	(36,677)
Non-controlling interests	<b>(584)</b>	(2,550)	<b>(458)</b>	(4,651)
	<b>(3,047)</b>	(22,388)	<b>(6,935)</b>	(41,328)

**Condensed Consolidated Statement of Financial Position**

		<b>As at 30 June 2020 HK\$'000 (Unaudited)</b>	As at 31 December 2019 HK\$'000 (Audited)
	<i>Notes</i>		
<b>Assets and liabilities</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>2,804</b>	5,002
Right-of-use assets		<b>7,274</b>	8,937
Goodwill	11	<b>2,168</b>	1,957
Other assets		<b>400</b>	400
Cryptocurrencies	12	<b>4,772</b>	6,336
		<b>17,418</b>	22,632
<b>Current assets</b>			
Trade receivables	13	<b>88,566</b>	85,320
Other receivables, deposits and prepayments	14	<b>66,191</b>	1,108
Loan receivable	15	<b>5,518</b>	4,768
Client trust bank balances		<b>1,675</b>	1,808
Cash and cash equivalents		<b>19,559</b>	19,045
		<b>181,509</b>	112,049
Assets classified as held-for-sale		–	13,363
		<b>181,509</b>	125,412
<b>Current liabilities</b>			
Trade payables	16	<b>5,881</b>	4,408
Accruals, deposits received and other payables	17	<b>16,086</b>	7,390
Lease liabilities		<b>2,918</b>	3,036
Amount due to a related party	18	–	1,200
Tax payable		<b>92</b>	92
		<b>24,977</b>	16,126

	<i>Notes</i>	<b>As at 30 June 2020 HK\$'000 (Unaudited)</b>	As at 31 December 2019 HK\$'000 (Audited)
Liabilities associated with disposal group classified as held-for-sale		–	8,963
		<b>24,977</b>	25,089
<b>Net current assets</b>		<b>156,532</b>	100,323
<b>Net assets less current liabilities</b>		<b>173,950</b>	122,955
<b>Non-current liabilities</b>			
Shareholders' loan		<b>62,148</b>	–
Lease liabilities		<b>4,442</b>	5,917
		<b>66,590</b>	5,917
<b>Net assets</b>		<b>107,360</b>	117,038
<b>Equity</b>			
Share capital	19	<b>41,455</b>	41,455
Reserves		<b>103,854</b>	110,331
<b>Total equity attributable to owners of the Company</b>		<b>145,309</b>	151,786
Non-controlling interests		<b>(37,949)</b>	(34,748)
<b>Total equity</b>		<b>107,360</b>	117,038

Unaudited Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company										Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Capital reserve HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Statutory reserve HK\$'000	Share-based payment reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000			
At 1 January 2019 (Audited)	41,455	1,030	634,138	11	324	13,426	(13,120)	(444,961)	232,303	(26,644)	205,659	
Impact on initial application of HKFRS 16	-	-	-	-	-	-	-	(146)	(146)	-	(146)	
Restated balance at 1 January 2019	41,455	1,030	634,138	11	324	13,426	(13,120)	(445,107)	232,157	(26,644)	205,513	
Lapse of share options	-	-	-	-	-	(912)	-	912	-	-	-	
Transaction with owners	-	-	-	-	-	(912)	-	912	-	-	-	
Net loss for the period	-	-	-	-	-	-	-	(36,666)	(36,666)	(4,599)	(41,265)	
Other comprehensive loss, net of income tax: Exchange differences on translating foreign operations	-	-	-	-	-	-	(11)	-	(11)	(52)	(63)	
Total comprehensive loss for the period	-	-	-	-	-	-	(11)	(36,666)	(36,677)	(4,651)	(41,328)	
At 30 June 2019 (Unaudited)	41,455	1,030	634,138	11	324	12,514	(13,131)	(460,861)	195,480	(31,295)	164,185	
At 1 January 2020 (Audited)	<b>41,455</b>	<b>1,030</b>	<b>634,138</b>	<b>11</b>	<b>324</b>	<b>11,830</b>	<b>(15,329)</b>	<b>(521,673)</b>	<b>151,786</b>	<b>(34,748)</b>	<b>117,038</b>	
Lapse of share options	-	-	-	-	-	(6,843)	-	6,843	-	-	-	
Transaction with owners	-	-	-	-	-	(6,843)	-	6,843	-	-	-	
Net loss for the period	-	-	-	-	-	-	-	(4,189)	(4,189)	(3,890)	(8,079)	
Other comprehensive (loss)/income, net of income tax: Exchange differences on translating foreign operations	-	-	-	-	-	-	(2,268)	-	(2,268)	3,432	1,144	
Total comprehensive loss for the period	-	-	-	-	-	-	(2,268)	(4,189)	(6,477)	(458)	(6,935)	
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(2,843)	(2,843)	
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	100	100	
At 30 June 2020 (Unaudited)	<b>41,455</b>	<b>1,030</b>	<b>634,138</b>	<b>11</b>	<b>324</b>	<b>4,987</b>	<b>(17,617)</b>	<b>(519,019)</b>	<b>145,309</b>	<b>(37,949)</b>	<b>107,360</b>	



**Unaudited Condensed Consolidated Statement of Cash Flows**

	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	<i>HK\$'000</i>
Net cash outflow from operating activities	<b>(61,351)</b>	(17,731)
Net cash inflow from investing activities	<b>2,077</b>	2,201
Net cash inflow from financing activities	<b>59,805</b>	–
Net increase/(decrease) in cash and cash equivalents	<b>531</b>	(15,530)
Cash and cash equivalents at the beginning of the period	<b>19,045</b>	48,982
Effect of foreign exchange rate changes	<b>(17)</b>	12
Cash and cash equivalents at the end of the period	<b>19,559</b>	33,464
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank balances	<b>19,559</b>	33,464

## **Notes to the Unaudited Condensed Consolidated Financial Statements**

### **1. General Information**

Global Token Limited is a limited liability company incorporated in the Cayman Islands and continued in Bermuda. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is Room 3008-10, 30th Floor, Tower 6, The Gateway, Harbour City, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The directors of the Company (the "Directors") consider that the ultimate controlling party of the Company is Mr. Sun Li Jun.

The principal activity of the Company is investment holding. The subsidiaries are principally engaged in (i) trading business, (ii) money lending business and (iii) securities trading business.

### **2. Basis of Preparation and Principal Accounting Policies**

The Group's unaudited condensed consolidated interim financial statements (the "Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The accounting policies, recognition and measurement principles used in the preparation of the Interim Financial Statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019.

The Interim Financial Statements have been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate. The Directors consider that the carrying amounts of financial assets and financial liabilities measured at cost or amortised cost in these unaudited condensed consolidated financial statements approximate their fair values.

In the current interim period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2019. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current year and prior year.

The Group has not yet applied new or revised HKFRSs that have been issued but not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new or revised HKFRSs would have a material impact on its results of operations.

### 3. Segment Information

Information reported to executive Directors and chief executive officer of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable segments under HKFRS 8 are as follows:

- Trading business
- Money lending business
- Securities trading business

The segment of rental of energy-saving air-conditioners was discontinued during the year ended 31 December 2019. The segment of blockchain technology related business was discontinued during the six months ended 30 June 2020.

The segment information below does not include any amounts for the discontinued operations, which are described in more details in Note 9.

#### Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments.

#### Continuing operations

For the six months ended 30 June 2020:

	Trading business HK\$'000	Money lending business HK\$'000	Securities trading business HK\$'000	Total HK\$'000
Segment revenue	86,720	750	801	88,271
Segment results	2,194	678	(842)	2,030
Other revenue				166
Exchange losses, net				(39)
Gain on disposal of cryptocurrencies				1,559
Impairment loss on cryptocurrencies				(49)
Finance cost				(927)
Central administrative costs				(7,275)
Loss before taxation from continuing operations				(4,535)

**Continuing operations**

For the six months ended 30 June 2019:

	Trading business <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Securities trading business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	83,184	750	1,058	84,992
Segment results	1,741	271	(858)	1,154
Other revenue				342
Exchange losses, net				(8)
Impairment loss on cryptocurrencies				(15,199)
Finance cost				(97)
Central administrative costs				(12,276)
Loss before taxation from continuing operations				(26,084)

All of the segment revenue reported above is generated from external customers.

#### 4. Revenue

Revenue arised from sale of electronic products, interest income from provision of money lending business and brokerage and commission income from provision of securities trading services. Revenue and other revenue recognised during the period are as followings:

##### Disaggregation of revenue from contracts with customers

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations</b>				
<b>Timing of revenue recognition</b>				
<b>Revenue recognised at a point in time</b>				
Revenue from sale of electronic products	32,076	29,318	86,720	83,184
Brokerage and commission income from securities trading business	392	576	801	1,058
Revenue from contracts with customers	32,468	29,894	87,521	84,242
<b>Revenue from other source</b>				
Interest income from money lending business	375	375	750	750
	32,843	30,269	88,271	84,992
<b>Other revenue</b>				
Bank interest income	6	1	7	2
Government grants ( <i>Note</i> )	159	-	159	-
Sundry income	-	333	-	340
	165	334	166	342

*Note:* The Group has received the government grants from HKSAR Government under the Anti-epidemic Fund during the outbreak of The COVID-19 pandemic.

5. Other Gains and Losses

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations</b>				
Exchange losses, net	(45)	(12)	(39)	(8)
Gain on disposal of cryptocurrencies	11	-	1,559	-
Gain on disposal of property, plant and equipment	7	78	7	78
Gain on termination of lease arrangement	-	12	20	12
	(27)	78	1,547	82

6. Finance Costs

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations</b>				
Interest expenses on lease liabilities	86	42	179	97
Interest expenses on shareholders' loan	747	-	748	-
	833	42	927	97

## 7. Loss before Taxation

The Group's loss before taxation is arrived at after charging/(crediting):

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations</b>				
Directors' emoluments	296	482	949	934
Employee benefit expenses (excluding directors' emoluments)				
– Salaries, allowances and benefits in kind	1,538	2,460	2,915	5,055
– Contributions to retirement benefits scheme	65	79	137	163
Depreciation				
– Owned property, plant and equipment	66	537	472	1,173
– Right-of-use assets	744	911	1,506	1,887
Costs of inventories recognised as an expense	30,942	28,149	83,705	79,956
Net (reversal of allowance for)/allowance for expected credit losses on financial assets at amortised costs	(1)	13	(4)	9
Gain on disposal of property, plant and equipment	(7)	(78)	(7)	(78)
Gain on disposal of cryptocurrencies	(11)	–	(1,559)	–
Impairment loss on cryptocurrencies	–	6,573	49	15,199

8. Taxation

	Three months ended 30 June		Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
<b>Continuing operations:</b>				
Current tax:				
Hong Kong profits tax	-	18	-	18

The Company is not subject to taxes in profits, income or dividends in Bermuda.

The Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and 16.5% on the estimated assessable profits above HK\$2 million for the six months ended 30 June 2020 and 2019. No provision for taxation has been provided for in the unaudited condensed consolidated financial statements for the six months ended 30 June 2020 as the subsidiaries of the Company in Hong Kong had accumulated tax losses brought forward which exceeded the estimated assessable profits for the period.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2019: 25%). No provision for taxation has been provided for in the unaudited condensed consolidated financial statements for the six months ended 30 June 2020 and 2019 as the subsidiaries of the Company in PRC had accumulated tax losses brought forward which exceeded the estimated assessable profits for the period.

9. Discontinued Operations

- (i) On 30 December 2019, the Group entered into a sale and purchase agreement to dispose of its entire interests in Shenzhen Shun Tian Yun Environmental Technology Limited to an independent third party at a consideration of RMB2,800,000 (equivalent to HK\$3,066,000) and amount of RMB560,000 (equivalent to approximately HK\$626,000) in respect of the consideration had been received by the Group. The disposal was completed on 23 April 2020.

The loss for the period from the discontinued operation is analysed as follows:

	Three months ended 30 June		Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Loss from discontinued operation	(702)	(1,150)	(1,708)	(3,722)
Gain on disposal of discontinued operation	220	-	220	-
	(482)	(1,150)	(1,488)	(3,722)



The loss for the period from the discontinued rental of energy-saving air-conditioners business is set out below. The comparative figures in the unaudited condensed consolidated statement of profit or loss and other comprehensive income have been restated to re-present the rental of energy-saving air-conditioners business as a discontinued operation.

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	123	676	123	1,397
Cost of sales	(725)	(1,593)	(1,817)	(3,223)
Gross profit	(602)	(917)	(1,694)	(1,826)
Other revenue	-	-	447	-
Other gains and losses	(2)	-	(2)	-
Gain on disposal of property, plant and equipment	-	857	-	846
Selling and distribution expenses	(3)	(342)	(31)	(1,344)
Administrative and other operating expenses	(95)	(748)	(428)	(1,398)
<b>Loss before taxation</b>	<b>(702)</b>	<b>(1,150)</b>	<b>(1,708)</b>	<b>(3,722)</b>
Taxation	-	-	-	-
<b>Loss for the period from discontinued operation</b>	<b>(702)</b>	<b>(1,150)</b>	<b>(1,708)</b>	<b>(3,722)</b>

Loss for the period from discontinued operation has been arrived at after charging/(crediting):

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Employee benefit expenses				
– Salaries, allowances and benefits in kind	49	471	288	896
– Contributions to retirement benefit scheme	-	35	15	65
Total staff costs	49	506	303	961
Depreciation				
– Owned property, plant and equipment	722	1,605	1,822	3,247
– Right-of-use assets	-	173	-	347
Gain on disposal of property, plant and equipment	-	(857)	-	(846)

Note:

- (a) Depreciation of property, plant and equipment of approximately HK\$1,817,000 (30 June 2019: approximately HK\$3,223,000) for the six months ended 30 June 2020 is included in the costs of sales.

The net assets of the disposed subsidiary as at the date of disposal were as follows:

**Net assets disposal of:**

	<i>HK\$'000</i>
Property, plant and equipment	6,544
Other receivables, deposits and prepayments	4,901
Cash and cash equivalents	74
Trade payables	(4,548)
Accruals, deposits received and other payables	(3,840)
Amount due to a related party	(285)
<b>Net assets disposal of</b>	<b>2,846</b>

**Gain on disposal of a subsidiary**

	<i>HK\$'000</i>
Consideration received	3,066
Net assets disposal of	2,846
<b>Gain on disposal</b>	<b>220</b>

**Net cash inflow from disposal of a subsidiary**

	<i>HK\$'000</i>
Consideration received in cash and cash equivalents	626
Less: cash and cash equivalent balances disposed of	(74)
<b>Net cash inflow from disposal of a subsidiary</b>	<b>552</b>

- (ii) On 15 May 2020, the board of Directors of the Company approved to discontinue the entire blockchain technology related business given the unsatisfactory financial performance of blockchain technology related business.

The loss for the period from the discontinued operation is analysed as follows:

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss from discontinued operation	(56)	(6,448)	(267)	(11,441)
Loss on disposal of discontinued operation	(1,789)	-	(1,789)	-
	<b>(1,845)</b>	(6,448)	<b>(2,056)</b>	(11,441)

The loss for the period from the discontinued blockchain technology related business is set out below. The comparative figures in the unaudited condensed consolidated statement of profit or loss and other comprehensive income have been restated to re-present the blockchain technology related business as a discontinued operation.

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	-	-	-	207
Cost of sales	-	-	-	-
Gross profit	-	-	-	207
Other gains and losses	-	-	-	(69)
Net reversal of allowance for expected credit losses on financial assets at amortised costs	-	308	-	370
Impairment loss on cryptocurrencies	-	-	(79)	-
Selling and distribution expenses	-	(67)	-	(148)
Administrative and other operating expenses	(56)	(6,689)	(188)	(11,801)
<b>Loss before taxation</b>	<b>(56)</b>	(6,448)	<b>(267)</b>	(11,441)
Taxation	-	-	-	-
<b>Loss for the period from discontinued operation</b>	<b>(56)</b>	(6,448)	<b>(267)</b>	(11,441)

Loss for the period from discontinued operation has been arrived at after charging/(crediting):

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Employee benefit expenses				
– Salaries, allowances and benefits in kind	–	4,072	–	6,294
– Contributions to retirement benefit scheme	–	589	–	940
Total staff costs	–	4,661	–	7,234
Depreciation				
– Owned property, plant and equipment	2	117	118	233
Loss on disposal of cryptocurrencies	–	–	–	69
Net reversal of allowance for expected credit losses on financial assets at amortised costs	–	(308)	–	(370)
Impairment loss of cryptocurrencies	–	–	79	–
License fee for cryptocurrencies trading platform	–	2,106	–	4,446

On 1 April 2020, the Group entered into a sale and purchase agreement (“SP Agreement”) with an independent third party for the disposal of its entire interest in Even Reward Limited and its subsidiary, Tide Global Exchange Technology Limited (the “Disposal Group”) at a consideration of HK\$1,400,000 which was settled by transferring 28.35 units Bitcoin to the Group (the “Disposal and Acquisition”). The Disposal Group was principally engaged in operating of non-mainstream cryptocurrency trading business. The Disposal and Acquisition were completed on the same date.

The net assets of the disposed subsidiaries as at the date of disposal were as follows:

**Net assets disposal of:**

	<i>HK\$'000</i>
Property, plant and equipment	1,389
Cryptocurrencies	664
Cash and cash equivalents	2,359
Amount due to a related party	(1,200)
Receipts in advance	(23)
<b>Net assets disposal of</b>	<b>3,189</b>

**Loss on disposal of subsidiaries**

	<i>HK\$'000</i>
Consideration received	1,400
Net assets disposal of	3,189
<b>Loss on disposal</b>	<b>(1,789)</b>

**Net cash outflow from disposal of subsidiaries**

	<i>HK\$'000</i>
Consideration received in cash and cash equivalents	-
Less: cash and cash equivalent balances disposed of	(2,359)
<b>Net cash outflow from disposal of subsidiaries</b>	<b>(2,359)</b>

10. Loss per Share

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
Loss for the period attributable to the owners of the Company ( <i>HK\$</i> )				
– for continuing and discontinued operations	<b>(2,849,000)</b>	(17,868,000)	<b>(4,189,000)</b>	(36,666,000)
– for continuing operations	<b>(893,000)</b>	(13,994,000)	<b>(1,613,000)</b>	(28,933,000)
– for discontinued operations	<b>(1,956,000)</b>	(3,874,000)	<b>(2,576,000)</b>	(7,733,000)
Weighted average number of ordinary shares in issue	<b>1,036,379,025</b>	1,036,379,025	<b>1,036,379,025</b>	1,036,379,025
Basic loss per share ( <i>HK cents</i> )				
– for continuing and discontinued operations	<b>(0.27)</b>	(1.72)	<b>(0.40)</b>	(3.54)
– for continuing operations	<b>(0.09)</b>	(1.35)	<b>(0.15)</b>	(2.79)
– for discontinued operations	<b>(0.18)</b>	(0.37)	<b>(0.25)</b>	(0.75)

Basic loss per share is calculated by dividing the loss for the period attributable to the owners of the Company over the weighted average number of ordinary shares in issue during the period under review.

The basic and diluted loss per share for the six months ended 30 June 2020 and 2019 are the same because the effect of the assumed conversion of all dilutive potential ordinary shares outstanding during the period under review was anti-dilutive.

11. Goodwill

	<i>HK\$'000</i>
<b>Costs:</b>	
At 31 December 2019 and 1 January 2020	10,939
Acquisition of a subsidiary ( <i>Note 21</i> )	211
At 30 June 2020	11,150
<b>Accumulated impairment:</b>	
At 31 December 2019, 1 January 2020 and 30 June 2020	(8,982)
<b>Carrying amounts:</b>	
<b>At 30 June 2020</b>	<b>2,168</b>
At 31 December 2019	1,957

The carrying amount of goodwill was allocated to groups of cash-generating units as follows:

	<b>As at 30 June 2020 HK\$'000 (Unaudited)</b>	As at 31 December 2019 HK\$'000 (Audited)
Money lending business	869	869
Securities trading business	1,088	1,088
Trading business	211	–
	<b>2,168</b>	1,957

## 12. Cryptocurrencies

The amounts represented the various cryptocurrencies held by the Group as at the end of the reporting period.

	<b>As at 30 June 2020 HK\$'000 (Unaudited)</b>	As at 31 December 2019 HK\$'000 (Audited)
<b>Mainstream:</b>		
BTC	1,411	68
ETH	–	2,050
<b>Non-mainstream:</b>		
XPA (Note ij)	3,115	3,121
CBT	8	162
LTC	–	117
USX	237	672
USDT	–	145
Others	1	1
	<b>4,772</b>	6,336

Note:

- (i) As at 30 June 2020, the Group estimated the recoverable amounts of the cryptocurrencies held by the Group, which were determined based on their estimated fair values arrived at using analysis of available information for the reference prices in the relevant cryptocurrencies markets for both mainstream and non-mainstream categories. The recoverable amount was categorised under Level 2 fair value hierarchy. The basis of the valuation used the market approach with adjustments being made to take account of marketability factors according to the liquidity and marketability of each type of the cryptocurrencies. Due to the liquidity issues and downtrend of the cryptocurrencies market during the period, an aggregate impairment loss amounting to approximately HK\$49,000 (30 June 2019: approximately HK\$15,199,000) was recognised in the unaudited condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2020 to write down the carrying amounts of the cryptocurrencies held by the Group as at 30 June 2020 to their estimated recoverable amounts.

As the cryptocurrencies have been reduced to their recoverable amounts, any further adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment loss.

- (ii) XPA is a cryptocurrency token which is currently built up based on the blockchain technology of Ethereum platform. As at 30 June 2020, the Group held approximately of 111.7 million units of XPA with carrying amount (after recognising impairment loss) of approximately HK\$3,115,000 (31 December 2019: approximately HK\$3,121,000). In view of the liquidity and trading volume issues of XPA, the Group has classified the XPA cryptocurrencies as non-mainstream in nature.

### 13. Trade Receivables

	<b>As at 30 June 2020 HK\$'000 (Unaudited)</b>	As at 31 December 2019 HK\$'000 (Audited)
Trade receivables from securities trading business		
– Cash clients	<b>2,737</b>	1,356
– Clearing house	<b>2,112</b>	1,268
	<b>4,849</b>	2,624
Trade receivables from ordinary business other than securities trading	<b>83,750</b>	82,796
	<b>88,599</b>	85,420
Less: Allowance for expected credit losses	<b>(33)</b>	(100)
	<b>88,566</b>	85,320

The directors of the Company consider that the fair values of trade receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.



The settlement term of trade receivables arising from securities trading business is 2 trading days after trade date. No ageing analysis for securities trading business is disclosed as, in the opinion of the Directors of the Company, the ageing analysis for securities trading business does not give additional value in view of its business nature.

The Group allows a credit period with average range from 180 days (2019: 180 days) to its trade customers of its trading business. The ageing analysis of trade receivables from ordinary business other than securities trading business (net of allowance for expected credit losses) at the end of the reporting period based on the invoice date and net of allowance for expected credit losses:

	<b>As at 30 June 2020 HK\$'000 (Unaudited)</b>	As at 31 December 2019 HK\$'000 (Audited)
0 – 90 days	<b>29,950</b>	29,364
91 – 180 days	<b>53,771</b>	53,337
	<b>83,721</b>	82,701

Allowance for expected credit losses of approximately HK\$Nil (31 December 2019: approximately HK\$95,000) have been recognised for trade receivables during the six months ended 30 June 2020.

As at 30 June 2020 and 31 December 2019, no trade receivables was past due but not impaired. All trade receivables that are neither past due nor impaired have the best credit scoring attributable under the internal credit rating system used by the Group. Accordingly, these balances are still considered to be fully recoverable. The Group does not hold any collateral over these balances.

#### 14. Other Receivables, Deposits and Prepayments

	<b>As at 30 June 2020 HK\$'000 (Unaudited)</b>	As at 31 December 2019 HK\$'000 (Audited)
Deposits paid and prepayments to suppliers	<b>51,070</b>	29
Other receivables and deposits	<b>15,168</b>	1,115
Value added tax receivables	<b>15</b>	30
	<b>66,253</b>	1,174
Less: Allowance for expected credit losses	<b>(62)</b>	(66)
	<b>66,191</b>	1,108

Allowance for expected credit losses of approximately HK\$Nil (31 December 2019: approximately HK\$2,275,000) have been recognised for other receivables and deposits during the six months ended 30 June 2020.

**15. Loan Receivable**

	<b>As at 30 June 2020 HK\$'000 (Unaudited)</b>	As at 31 December 2019 HK\$'000 (Audited)
Loan receivable	<b>10,000</b>	10,000
Interest receivable	<b>1,971</b>	1,221
	<b>11,971</b>	11,221
Less: Allowance for expected credit losses	<b>(6,453)</b>	(6,453)
	<b>5,518</b>	4,768

The maturity profile of the loan receivable at the end of the reporting period, analysed by the maturity date, is as follows:

	<b>As at 30 June 2020 HK\$'000 (Unaudited)</b>	As at 31 December 2019 HK\$'000 (Audited)
<i>Loan receivable:</i>		
Within one year	<b>5,518</b>	4,768

The Group's loan receivable, which arise from the money lending business in Hong Kong, are denominated in Hong Kong dollars.

As at 30 June 2020, a loan receivable with principal amount of approximately HK\$10,000,000 (31 December 2019: approximately HK\$10,000,000) are secured by collaterals, interest bearing and are receivable with fixed term agreed with customer. They are neither past due nor impaired. The maximum exposure to credit risk at the end of period is the carrying value of the loan receivable.

Loan receivable are interest-bearing at rates of 15.0% (31 December 2019: 15.0%) per annum. Loan receivable includes the interest receivable of approximately HK\$1,971,000 (31 December 2019: approximately HK\$1,221,000) which is receivable on the date of repayment. During the six months ended 30 June 2020, interest income of approximately HK\$750,000 (30 June 2019: approximately HK\$750,000) has been recognised in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.

Allowance for expected credit losses of approximately HK\$Nil (31 December 2019: approximately HK\$6,419,000) have been recognised for loan receivable during the six months ended 30 June 2020.

**16. Trade Payables**

	<b>As at 30 June 2020 HK\$'000 (Unaudited)</b>	As at 31 December 2019 HK\$'000 (Audited)
Trade payables from securities trading business		
– Cash clients	<b>4,210</b>	2,614
– Clearing house	<b>1,671</b>	1,794
	<b>5,881</b>	4,408

For securities trading business, the settlement terms of trade payables to cash clients and clearing house is two trading days after trade date. No ageing analysis for securities trading business is disclosed as, in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of its business nature.

**17. Accruals, Deposits Received and Other Payables**

	<b>As at 30 June 2020 HK\$'000 (Unaudited)</b>	As at 31 December 2019 HK\$'000 (Audited)
Accruals	<b>3,578</b>	4,408
Deposits received	<b>11,068</b>	1,130
Consideration received for disposal of a subsidiary ( <i>Note 9(a)</i> )	–	626
Other payables	<b>1,245</b>	1,226
Deferred income	<b>195</b>	–
	<b>16,086</b>	7,390

**18. Amount Due to a Related Party**

The amount due to a related party is unsecured, interest-free and repayable on demand.

**19. Share Capital**

	Number of shares '000	Nominal value HK\$'000
<i>Authorised:</i>		
<b>Ordinary shares of HK\$0.04 each at 1 January 2019, 31 December 2019, 1 January 2020 and 30 June 2020</b>	5,000,000	200,000
<i>Issued and fully paid:</i>		
<b>Ordinary shares of HK\$0.04 each at 1 January 2019, 31 December 2019, 1 January 2020 and 30 June 2020</b>	1,036,379	41,455

**20. Share Option Scheme**

Pursuant to an ordinary resolution passed in the annual general meeting held on 9 May 2012, the Company conditionally approved and adopted a share option scheme (the "Share Option Scheme").

On 18 January 2016, the Company granted 365,901,260 share options to the certain Directors, employees and adviser of the Company under the Share Option Scheme at the exercise price of HK\$0.065 per share option which were vested immediately and exercisable for the period between 18 January 2016 and 9 May 2022 (both dates inclusive). Each share option gives the holder the right to subscribe for one ordinary share of the Company. As at 30 June 2020, there are 6,129,500 (as at 31 December 2019: 6,129,500) share options remained outstanding and the subscription price per share was adjusted to HK\$0.488 per share after taking into account of the effect of the rights issue completed in May 2017.

On 11 January 2018, the Company granted 54,876,000 share options to the certain Directors, employees and consultants of the Company under the Share Option Scheme at the exercise price of HK\$0.370 per share option which were vested immediately and exercisable for the period between 11 January 2018 and 9 May 2022 (both dates inclusive). Each share option gives the holder the right to subscribe for one ordinary share of the Company. As at 30 June 2020, there are 13,452,000 (as at 31 December 2019: 44,520,000) share options remained outstanding.

As at 30 June 2020, there are outstanding options entitling the share options holders thereof to subscribe for up to an aggregate of 19,581,500 shares, of which 6,129,500 outstanding options have an exercise price of HK\$0.488 per share and 13,452,000 outstanding options have an exercise price of HK\$0.370 per share.

## 21. Acquisition of a Subsidiary

On 18 March 2020, the Group entered into a sale and purchase agreement for the acquisition of 85.7% equity interest of High Sharp Electronic Limited ("High Sharp") from an independent third party for cash consideration of HK\$600,000. The acquisition was completed on 18 March 2020. High Sharp is principally engaged in the provision of trading of cryptocurrencies mining hardware.

The fair value of the identifiable assets and liabilities acquired and the goodwill arising are as follows:

	<i>HK\$'000</i>
Cash and cash equivalents	637
Amount due to a related party	(148)
Total identifiable net liabilities at fair value	489
Non-controlling interests	(100)
Goodwill	211
	600
<b>Satisfied by:</b>	
Cash	600
<b>Net cash inflow arising on acquisition:</b>	
Cash consideration paid	(600)
Add: Cash and cash equivalents acquired	637
	37

Revenue of approximately HK\$Nil and loss of approximately HK\$622,000 between the dates of acquisitions and 30 June 2020 had been contributed by the subsidiary acquired during the period to the Group. If the acquisition had been completed on 1 January 2020, the new subsidiary acquired during the period would have contributed to the Group's revenue of approximately HK\$6,070,000 and profit of approximately HK\$1,167,000 for the six months ended 30 June 2020.

## 22. Materials Related Party Transactions

Save as disclosed elsewhere in the consolidated financial statements, the Group had also entered into the following related party transactions from continuing operations during the reporting period.

### Key management personnel compensation

Key management includes the Directors of the Group. The compensation paid or payable to key management for employee services is shown below:

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Salary and other short-term employees benefits	281	466	914	901
Employer's contribution to retirement scheme	15	16	35	33
	296	482	949	934

## 23. Dividend

The Board does not recommend the payment of a dividend for the six months ended 30 June 2020 (30 June 2019: Nil).

## 24. Comparative Figures

The comparative unaudited condensed consolidated statement of profit or loss and other comprehensive income has been re-presented as the rental of energy-saving air-conditioners business and the blockchain technology related business were discontinued during the year ended 31 December 2019 and the six months ended 30 June 2020, respectively. Certain comparative amounts have been reclassified to conform to the current period's presentation. In the opinion of the Directors of the Company, such reclassification provides a more appropriate presentation of the Group's business segments.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in (i) trading business, (ii) money lending business and (iii) securities trading business.

The blockchain technology related business was discontinued during the six months ended 30 June 2020.

## BUSINESS REVIEW AND PROSPECT

### Trading Business

The Group's trading business is mainly engaged in trading of electronic products in the PRC. During the six months ended 30 June 2020, the Group recorded approximately HK\$86,720,000 (30 June 2019: approximately HK\$83,184,000) of revenue from the trading business, representing an increase of 4.3% compared to the last corresponding period.

Profit of this segment increased by 26.0% from approximately HK\$1,741,000 for the six months ended 30 June 2019 to approximately HK\$2,194,000 for the six months ended 30 June 2020 in line with the increase of sales volume in the first half year. A prudent manner to access the cash conversion cycle will be continually adopted to manage the credit risk posed by the economic uncertainties raised from the novel coronavirus pneumonia ("COVID-19") outbreak and the continuous trade war in between the U.S. and PRC.

### Money Lending Business

The Group recorded loan interest income of approximately HK\$750,000 from the money lending business for both six months ended 30 June 2020 and 2019.

The segment profit of money lending business increased by 150.2% from approximately HK\$271,000 for the six months ended 30 June 2019 to approximately HK\$678,000 for the six months ended 30 June 2020. The net profit margin was improved as a result of the strict cost-cutting measures.

There was no default event happened in respect of the Group's loan portfolio during the period under review. However, the default risk is expected to increase due to the material uncertainties of the global economic environment affected by the recent outbreak of COVID-19, which may have an adverse effect on the value of the loan collateral. A prudent attitude to better the default risk management of the money lending business will be adopted by closely monitoring and evaluating the value of the loan collateral.

## **Securities Trading Business**

The revenue from securities trading business mainly comprised of the brokerage and commission income. The Group recorded approximately HK\$801,000 of revenue from securities trading business for the six months ended 30 June 2020, representing a decrease of 24.3% compared to last corresponding period of approximately HK\$1,058,000 in line with the reduction in the total turnover of approximately HK\$284.1 million (30 June 2019: approximately HK\$427.3 million). The decrease of the revenue was attributed by the recent outbreak of COVID-19.

Loss of this segment decreased by 1.9% from approximately HK\$858,000 for the six months ended 30 June 2019 to approximately HK\$842,000 for the six months ended 30 June 2020 due to the strict cost-cutting measures.

## **Discontinued Operations**

### ***(i) Rental of Energy-Saving Air-conditioners***

On 30 December 2019, the Group entered into a sale and purchase agreement to dispose of the entire segment of the rental of energy-saving air-conditioners to an independent third party at a consideration of RMB2,800,000 (equivalent to approximately HK\$3,066,000). The Directors are of the opinion that this segment has been loss-making and further financial contribution might be required to anticipate the operation. Details of the disposal are set out in the Company's announcement dated 30 December 2019. The disposal was completed on 23 April 2020.

During the period under review, the Group recorded approximately HK\$123,000 (30 June 2019: approximately HK\$1,397,000) of revenue from the business. Segment loss had been decreased by 54.1% from approximately HK\$3,722,000 for the six months ended 30 June 2019 to approximately HK\$1,488,000 for the six months ended 30 June 2020, in which approximately HK\$220,000 (30 June 2019: approximately HK\$Nil) was contributed by the gain on disposal of discontinued operation.



## **(ii) Blockchain Technology Related Business**

The blockchain technology related business is mainly engaged in (i) mainstream cryptocurrencies trading, (ii) non-mainstream cryptocurrencies trading business and (iii) enterprise solution for blockchain technology.

On 1 April 2020, the Group disposed of the non-mainstream cryptocurrencies trading business to an independent third party at a consideration of HK\$1,400,000. The disposal was completed on the same date. Details of the disposal are set out in the Company's announcement dated 24 April 2020. On 15 May 2020, the board of Directors of the Company approved to discontinue the remaining sub-segments given the underperformance of the business.

During the six months ended 30 June 2020, no revenue (30 June 2019: approximately HK\$207,000) was generated from this segment. The segment loss of approximately HK\$2,056,000 (30 June 2019: approximately HK\$11,441,000), in which approximately HK\$1,789,000 (30 June 2019: approximately HK\$Nil) was contributed by the loss on disposal of the non-mainstream cryptocurrency trading business, was significantly reduced due to cease of operation during the period.

Notwithstanding the difficult challenges ahead, the Group will use its best endeavours to take all necessary effective actions and measures that the Board thinks fit with the aim to ensuring the sustainability of the Group's business development.

## **FINANCIAL REVIEW**

### **Revenue**

For the six months ended 30 June 2020, the Group's unaudited consolidated revenue was approximately HK\$88,271,000 (30 June 2019: approximately HK\$84,992,000), representing an increase of 3.9% compared to the corresponding period of last year. The increase was mainly attributed to the increase on revenue from trading business.

### **Other Revenue**

The Group recorded approximately HK\$166,000 (30 June 2019: approximately HK\$342,000) of other revenue for the six months ended 30 June 2020, mainly comprised of the government grants under the Anti-epidemic Fund.

### **Other Gains and Losses**

The other gains and losses was increased significantly from a net gain of approximately HK\$82,000 for the six months ended 30 June 2019 to a net gain of approximately HK\$1,547,000 for the six months ended 30 June 2020. The increase was attributed to the gain on disposal of cryptocurrencies of approximately HK\$1,559,000 (30 June 2019: approximately HK\$Nil).

### **Selling and Distribution Expenses**

The selling and distribution expenses of the Group was approximately HK\$Nil for the six months ended 30 June 2020 (30 June 2019: approximately HK\$75,000). The decrease was caused by the discontinuation of the blockchain technology related business.

### **Administrative and Other Operating Expenses**

The administrative and other operating expenses for the six months ended 30 June 2020 amounted to approximately HK\$9,842,000 (30 June 2019: approximately HK\$16,164,000), representing a decrease of 39.1% compared to the corresponding period of last year. The decrease was mainly attributed to the cease operation of entire blockchain technology related business and the cost-cutting measures in other administrative expenses.

### **Finance Costs**

The Group recorded approximately HK\$927,000 (30 June 2019: approximately HK\$97,000) of finance costs for the six months ended 30 June 2020. The increase was caused by the interest expenses raised from the financial assistance from substantial shareholders.

### **Cryptocurrencies**

The Group's investment in cryptocurrencies (which is classified as "cryptocurrencies" in the condensed consolidated statement of financial position) mainly comprised of approximately 111.7 million units of XPA and approximately 28.3 units of Bitcoin as at 30 June 2020. As a result of the stabilised market price on cryptocurrencies, an impairment loss on cryptocurrencies decreased significantly compared to the corresponding period of last fiscal year to approximately HK\$49,000 (30 June 2019: approximately HK\$15,199,000) for the six months ended 30 June 2020.

### **Loss for the Period**

The loss for the period was decreased from approximately HK\$41,265,000 for the six months ended 30 June 2019 to approximately HK\$8,079,000 for the six months ended 30 June 2020, in which approximately HK\$3,544,000 (30 June 2019: approximately HK\$15,163,000) was contributed by the loss from discontinued operations and take into account of 43.9% (30 June 2019: 36.7%) of the total loss for the period. The apparent improvement was mainly attributed to (i) the reduced operating cost in the ceased blockchain technology related business; and (ii) the market price upward of cryptocurrencies resulting in a gain on the disposal of cryptocurrencies and the lower of impairment loss on cryptocurrencies.

### **Liquidity and Financial Resources**

As at 30 June 2020, the Group had total assets of approximately HK\$198,927,000 (31 December 2019: approximately HK\$148,044,000), including net cash and bank balances of approximately HK\$19,559,000 (31 December 2019: approximately HK\$19,045,000).

As at 30 June 2020, current ratio (defined as total current assets divided by total current liabilities) was approximately 7.3 (31 December 2019: approximately 5.0).

For the six months ended 30 June 2020, the Group financed its operations with substantial shareholders' loan. The Group received financial assistance from substantial shareholders amounted to approximately HK\$61,400,000 during the six months ended 30 June 2020 (31 December 2019: approximately HK\$Nil).

### **Capital Structure**

As at 30 June 2020, the Group had shareholders' capital of approximately HK\$41,455,000 (31 December 2019: approximately HK\$41,455,000). The shareholders' capital of the Company is constituted of 1,036,379,025 shares (31 December 2019: 1,036,379,025 shares).

### **Treasury Policies**

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce its exposure to credit risks by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

### **Charges on Group Assets**

None of the assets of the Group has been pledged to secure any loan granted to the Group as at 30 June 2020 (31 December 2019: Nil).

## **Foreign Exchange Exposure**

The Group's income and expenditure during the six months ended 30 June 2020 were principally denominated either in Hong Kong dollars ("HK\$") or Renminbi ("RMB"), and most of the assets and liabilities as at 30 June 2020 were denominated either in HK\$ or RMB. The Group did not experience any material impact or difficulties in liquidity on its operations resulting from the fluctuation in exchange rate, and no hedging transaction or forward contract arrangement was made by the Group during the year under review.

## **UPDATE ON THE LISTING STATUS**

On 28 June 2019, the GEM Listing Committee of the Stock Exchange (the "GEM Listing Committee") conducted a review hearing, upon the application of the Company, to review the decision of the Listing Department set out in the letter. Please refer to the Company's announcement dated 22 March 2019 for details of the decision.

On 8 July 2019, the Company received a letter from the GEM Listing Committee setting out its ruling (the "Committee Ruling") to uphold the Decision to suspend trading in the Company's shares under Rule 9.04 of the GEM Listing Rules and proceed with cancellation of the Company's listing under Rule 9.14 of the GEM Listing Rules. Under Rule 4.06(2) of the GEM Listing Rules, the Company has the right to have the Committee ruling referred to the GEM Listing (Review) Committee for a review. The Company has submitted a written request to the GEM Listing (Review) Committee on 15 July 2019 for a review of the Committee Ruling. On 18 July 2019, the Company received a letter from the Review Hearing of the GEM Listing (Review) Committee (the "Review Hearing"). The Review Hearing was conducted on 8 October 2019.

As disclosed in the Company's announcement dated 28 October 2019, on 24 October 2019, the Company received a letter from the GEM Listing (Review) Committee that they had decided to uphold the Committee Ruling to suspend trading in the Company's shares under Rule 9.04 of the GEM Listing Rules and proceed with cancellation of the Company's Listing under Rule 9.14 of the GEM Listing Rules. Trading in the shares of the Company has been suspended with effect from 9:00 a.m. on 25 October 2019.

On 24 March 2020, the Company received a letter from the Stock Exchange (the "Additional Resumption Guidance"), in which the Stock Exchange sets out the Additional Resumption Guidance for the Company that the Company requires to publish all outstanding financial results and address any audit modifications. The Stock Exchange has further indicated that it may modify the resumption conditions/guidance that have been given and/or give further guidance if the Company's situation changes.

## MAJOR EVENTS DURING THE REPORTING PERIOD

### Acquisition of High Sharp Electronic Limited (“High Sharp”) and Shanghai High Sharp Tech Limited (“Shanghai High Sharp”)

The Group expanded its trading business coverage to include the trading of cryptocurrencies mining hardware for Bitcoin through the acquisition of 85.7% equity interest of High Sharp, a company incorporated in Hong Kong with limited liability, at a consideration of HK\$600,000 and 90.0% equity interest of Shanghai High Sharp, a company incorporated in the PRC with limited liability, at a consideration of RMB585,000. High Sharp is principally engaged in the provision of general trading and Shanghai High Sharp is principally engaged in the research and development of ASIC-based chips which are critical components of the cryptocurrencies mining hardware products.

After the acquisition, High Sharp and Shanghai High Sharp become indirect 85.7%-owned and 90.0%-owned subsidiaries of the Group, respectively. The acquisition of High Sharp was completed on 18 March 2020. The acquisition of Shanghai High Sharp has not yet completed at the date of this report.

### Financial Assistance from Substantial Shareholders

On 18 March 2020, High Sharp entered into a loan agreement with Cloud Digit Investment LP, an indirect wholly-owned subsidiary of the Group’s substantial shareholder, Yuxing InfoTech Investment Holdings Limited, in the amount of HK\$60,000,000 with a term of 18 months. The loan bears an interest at rate of 5.0% per annum and was received on 3 April 2020.

On 26 March 2020, Mr. Zhu Wei Sha, a substantial shareholder of the Group, advanced a loan in the amount of HK\$1,400,000. The loan is unsecured, interest at 4.0% per annum and repayable on 26 September 2021.

### **Disposal of Non-mainstream Cryptocurrency Trading Business and Acquisition of Cryptocurrencies**

On 1 April 2020, the Group entered into a sale and purchase agreement (the “SP Agreement”) with an independent third party for the disposal of its entire interests in Even Reward Limited and its subsidiary, Tide Global Exchange Technology Limited (the “Disposal Group”) at a consideration of HK\$1,400,000 which was settled by transferring 28.35 units Bitcoin to the Group (the “Disposal and Acquisition”). The Disposal Group was principally engaged in operating of non-mainstream cryptocurrency trading business. As at 10:00 a.m. on 1 April 2020, being the date of the SP Agreement, the market value of such Bitcoin amounted to approximately HK\$1,406,000. The Disposal and Acquisition was completed on the same date.

### **Discontinued Operation of Blockchain Technology Related Business**

Given the unsatisfactory financial performance of blockchain technology related business, the Directors is of the opinion that it’s cost-intensive to continue the operation. The business has contributed to a substantial segment loss since its commencement and no revenue was able to generate from the business since the second quarter of 2019. A further substantial capital contribution might be required in the development cost of the blockchain technology as the industry is still in its initial stage. On 15 May 2020, the board of Directors of the Company approved to discontinue the entire blockchain technology related business including the existing sub-segments of mainstream cryptocurrencies trading and enterprise solution for blockchain technology.

## **MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

The Group had no material acquisition or disposal of subsidiaries and affiliated companies during the period under review.

## **SEGMENT INFORMATION**

Details of the Group’s segment information are set out in Note 3 to the unaudited condensed consolidated financial statements of this report.

## PRINCIPAL RISKS

The Group's financial position, business prospect may be affected by a number of risks including operation risks, market risk, financial risk and compliance risk. The Group's trading business and money lending business are subject to credit risks and foreign currency risk, respectively.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2020, the Group had 30 full-time employees (31 December 2019: 47) in Hong Kong and the PRC. Remuneration is determined with reference to market terms, employment conditions, responsibilities and the performance, qualification and experience of the individual employee. Other benefits include corporate liabilities insurance for the Directors and Officers, contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and social insurance for its employees in the PRC, and are paid at appropriate levels.

## DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (2019: Nil).

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2020.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 30 June 2020, the interests or short positions of Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which were to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

### Long Position in the Ordinary Shares and Underlying Shares of the Company

#### Interests in the Company

Name of Directors	Personal Interest	Family Interest	Corporate Interest	Total Interest in Ordinary Shares	Total Interest in Underlying Shares - Share options	Aggregate Interests	% of the Company's issued voting shares
Mr. Tsang Chun Kit Terence	10,356,000	-	-	-	10,356,000	10,356,000	1.00%
Mr. Shi Guang Rong	1,032,000	-	-	-	1,032,000	1,032,000	0.10%

Save as disclosed above, as at 30 June 2020, none of the directors and chief executives of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the standards of dealing by Directors as referred to in Rule 5.48 to 5.67 of the GEM Listing Rules.



## SHARE OPTION SCHEME

The Company has conditionally adopted the share option scheme (“Share Option Scheme”), which was approved by the shareholders of the Company at the annual general meeting held on 9 May 2012. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

The purpose of Share Option Scheme is to provide incentives or rewards to the Participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes share not in aggregate exceed 10% of the total number of shares in issue from time to time under the Company obtains a fresh approval from the shareholders pursuant to the conditions set out in the Share Option Scheme. The 10% limit of the Share Option Scheme has been refreshed on 13 May 2015 and 3 May 2016.

The Share Option Scheme shall be valid and effective for a period of ten years from the date of adoption to 8 May 2022, after which period no further options will be granted or offered.

The subscription price in respect of each Share issued pursuant to the exercise of options granted shall be a price solely determined by the Board and notified to a Participant and shall be at least the highest of:

- (a) the closing price of Shares as stated in the Stock Exchange’s daily quote quotation sheet on the date of grant, which must be a business day;
- (b) the average closing price of the Shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of grant; and
- (c) the nominal value of a Share.

The share options are exercisable at any time during period of not more than ten years from the date of grant, subject to the terms and conditions of the Share Option Scheme, or any conditions stipulated by the Board of Directors. An offer shall be deemed to be granted and to have taken effect when the duplicate of the Offer Letter comprising acceptance of the Option duly signed by the grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company before or on the Last Acceptance Date.

## GLOBAL TOKEN LIMITED

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As at 30 June 2020, the Company has 19,581,500 options outstanding which represented approximately 1.89% of the total number of issued shares of the Company as at that date.

The following table discloses movements in the Company's share options during the six months ended 30 June 2020:

Category of participants	Date of share options granted	Vesting period	Outstanding at beginning of the period	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at end of the period	Adjusted exercise price HK\$	Exercise period
<b>Directors</b>									
Mr. Chen Ping (Note 1)	11 January 2018	Vested upon granted	10,356,000	-	-	(10,356,000)	-	0.370	11 January 2018 – 9 May 2022
Ms. Ma Jian Ying (Note 2)	11 January 2018	Vested upon granted	10,356,000	-	-	(10,356,000)	-	0.370	11 January 2018 – 9 May 2022
Mr. Tsang Chun Kit, Terence	11 January 2018	Vested upon granted	10,356,000	-	-	-	10,356,000	0.370	11 January 2018 – 9 May 2022
Mr. Shi Guang Rong	11 January 2018	Vested upon granted	1,032,000	-	-	-	1,032,000	0.370	11 January 2018 – 9 May 2022
<b>Employees</b>	18 January 2016	Vested upon granted	6,129,500	-	-	-	6,129,500	0.488 (Note 3)	18 January 2016 – 9 May 2022
<b>Advisers</b>	11 January 2018	Vested upon granted	12,420,000	-	-	(10,356,000)	2,064,000	0.370	11 January 2018 – 9 May 2022
			<u>50,649,500</u>	<u>-</u>	<u>-</u>	<u>(\$1,068,000)</u>	<u>19,581,500</u>		

### Notes:

1. Mr. Chen Ping resigned as the chairman and executive Director of the Board on 16 March 2020.
2. Ms. Ma Jian Ying resigned as the co-chief executive officer and executive Director of the Board on 23 April 2020.
3. Adjustments were made to the exercise price and the number of shares of the Company comprised in the outstanding share options which may be allotted and issued upon exercise as a result of the rights issue completed on 12 May 2017.

## RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the six months ended 30 June 2020 was the Company or any associated corporation a party to any arrangements to enable the Directors or chief executive of the Company or their respective associates (as defined in the GEM Listing Rules) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2020, the following persons/entities (not being Directors or chief executives of our Company) have an interest or a short position in the Shares or the underlying Shares which were disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were recorded in the register of the Company required to be kept under Section 336 of the SFO, were as follows:

### Long Position in the Ordinary Shares and Underlying Shares of the Company

Name of shareholders	Number of shares interested	Capacity in which shares are held	Approximate percentage of issued share capital
Mr. Sun Li Jun	129,547,378	Beneficial owner	12.50%
Mr. Zhu Wei Sha	93,475,000	Beneficial owner	9.02%
Yuxing InfoTech Investment Holdings Limited ( <i>Note 1</i> )	80,880,000	Interest in controlled corporation	7.80%
Yuxing Group (International) Limited ( <i>Note 1</i> )	80,880,000	Interest in controlled corporation	7.80%
Yuxing Technology Company Limited ( <i>Note 1</i> )	80,880,000	Beneficial owner	7.80%

*Note:* 80,880,000 shares of the Company are held by Yuxing Technology Company Limited which is a wholly-owned subsidiary of Yuxing Group (International) Limited, which in turn is wholly owned by Yuxing InfoTech Investment Holdings Limited. By virtue of the provisions of Part XV of the SFO, each of Yuxing Group (International) Limited and Yuxing InfoTech Investment Holdings Limited was deemed to be interested in the shares of the Company in which Yuxing Technology Company Limited was interested.

Save as disclosed above, as at 30 June 2020, the Company had not been notified by any persons (other than directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## **COMPETITION AND CONFLICT OF INTERESTS**

During the six months ended 30 June 2020, none of the Directors, the substantial shareholders or the controlling shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict of interests with the Group.

## **CORPORATE GOVERNANCE PRACTICES**

During the six months ended 30 June 2020, the Board considers the Company has complied with all the provisions of the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules.

## **AUDIT COMMITTEE**

The Company established an audit committee (the “Audit Committee”) with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code as set out in Appendix 15 to the GEM Listing Rules. As at the date of this report, the Audit Committee comprises three members, Mr. Leung Wah (Chairman), Ms. Wong Mei Ling and Mr. Hu Xiaoming, all of them are independent non-executive Directors.

The primary duties of the Audit Committee are to assist the Board in fulfilling its audit duties through the review and supervision of the Company’s financial reporting, risk management and internal control principles and procedures, and to make recommendations to the Board on the appointment and dismissal of the external auditor.

The Audit Committee has reviewed the Group’s unaudited interim results for the six months ended 30 June 2020 and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules, and that adequate disclosures have been made.

## CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors, its employees, and the directors and employees of its subsidiaries, who may likely possess inside information on the Company or its securities on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions throughout the period ended 30 June 2020.

## CHANGES OF DIRECTORS' INFORMATION UNDER RULE 17.50A(1) OF THE GEM LISTING RULES

The Company is not aware of any change in the Directors' information which are required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

*As at the date of this report, the Board comprises the following Directors:*

*Executive Directors:*

Mr. Guo Yong (*Chairman*)  
Mr. Tsang Chun Kit Terence  
Mr. Wang An Zhong  
Mr. Xu Wenbin

*Non-executive Director:*

Mr. Shi Guang Rong

*Independent non-executive Directors:*

Mr. Leung Wah  
Ms. Wong Mei Ling  
Mr. Hu Xiaoming

On behalf of the Board  
**Global Token Limited**  
**Guo Yong**

*Chairman and Executive Director*

Hong Kong, 14 August 2020